



DEPARTMENT OF THE NAVY
OFFICE OF THE CHIEF OF NAVAL OPERATIONS
WASHINGTON, DC 20350

IN REPLY REFER TO

OPNAVINST 4920.5B
Op-631H

OPNAV INSTRUCTION 4920.5B

27 AUG 1981

Subj: USN Cooperative Logistics Supply Support Program (R)

Ref: (a) DODD 2000.8 of 12 Feb 81, Subj: Cooperative Logistics Supply Support Arrangements (NOTAL) (R)

(b) DOD 7290.3M of 29 Jun 81, Foreign Military Sales Financial Management Manual (NOTAL) (R)

1. Purpose. To implement reference (a), Department of Defense (DOD) policy governing Cooperative Logistics Supply Support Programs, assign responsibilities and describe procedures for carrying out the U.S. Navy (USN) Cooperative Logistics Program. (R)

2. Cancellation. OPNAV Instruction 4920.5A. Report Symbol OPNAV 4920-3, and form OPNAV 4920/5. (R)

3. Definition

a. The USN Cooperative Logistics Program is the program by which the USN, under peacetime conditions provides supply support through a cost sharing system to foreign governments and international organizations for support of weapons systems common to both the USN and foreign military services.

b. A Cooperative Logistics Supply Support Arrangement (CLSSA) is a bilateral arrangement that prescribes the terms and conditions under which a foreign government or international organization is provided supply support in peacetime through its participation in the DOD supply system, with reimbursement to the U.S. for support provided. These arrangements are implemented by Foreign Military Sales Order (FMSO) I and II cases which are separate foreign military sales cases established for the express purpose of carrying out the funding and supply aspects of a CLSSA. (R)

4. Scope. This instruction applies to the entire USN Cooperative Logistics Program and all USN supply and financial activities assigned responsibilities in support of the program. (R)

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5. Background

a. Reference (a) directed that CLSSAs will normally involve the investment of funds in the U.S. inventory, not on the basis of specific lists of anticipated parts needed, but on the basis of the dollar value of sales anticipated.

R) b. Additionally, reference (a) requires an actual demand history file for CLSSAs to be maintained, monitored and used as a basis to adjust equity investment computations.

c. Reference (b) prescribes the pricing criteria for FMSO I and FMSO II cases on the financial concept of dollar equity rather than specific item equity.

6. Policy

a. Material will be provided to a foreign customer on a parity basis with USN forces having a similar mission and weapons system(s).

b. Material will be provided for replenishment purposes only. In-country stocks will not be augmented by requisitioning under FMSO II cases

c. The type and extent of supply support provided will be limited to items centrally managed, centrally stocked, and items having national stock numbers which are in whole-sale inventories and are purchased on the basis of recurring demand. Certain classes of items are specifically excluded from CLSSA. These are: explosive ordnance, major end items, commercial consumables, classified items and items not an integral part of the weapons system(s) being supported.

d. CLSSAs normally shall not provide for repair and return or return and exchange transactions.

e. Pricing of CLSSAs will be in accordance with guidance provided by reference (b).

f. Military Standard Requisitioning and Issue Procedures (MILSTRIP), Uniform Material Movement and Issue Priority System (UMMIPS), and other approved DOD standard procedures will be used.

g. The responsibilities of the USN and the customer country shall be delineated in the arrangement attached to the specific FMSO I and/or FMSO II cases.

h. The CLSSA will normally involve an investment of funds in the DOD inventory, not on the basis of specific lists of items, but on the dollar values of on-hand and on-order levels of stocks required to support an estimated annual demand (EAD) of material to support the specific weapon systems. The on-hand investment is normally computed for a 5-month stock level. The on-order investment is normally computed for a 12-month level. An exception may be made to this policy whenever the laws of a particular country require that its investment be identified to specific items. (R)

i. Renegotiations and terminations of CLSSAs will normally be accomplished on a financial basis and in accordance with guidance provided by Section 707 of reference (b). (R)

7. Responsibilities

a. The Chief of Naval Operations (CNO) will:

(1) Maintain liaison with the offices of the Secretary of Defense and other Military Departments to develop policies relating to the overall DOD Cooperative Logistics Program.

(2) Prepare USN policy guidance with regard to the USN Cooperative Logistics Program and promulgate terms and conditions related to specific CLSSAs.

(3) Maintain liaison with appropriate foreign representatives, military and civilian, during the active life of a CLSSA.

(4) Promulgate Force Activity Designators to weapons systems supported by USN CLSSAs. (R)

(5) Prepare and negotiate all CLSSAs with foreign governments and international organizations in coordination with appropriate DOD agencies where required.

(6) Renegotiate existing CLSSAs when significant changes occur in the existing program or demand levels indicate an investment revision is necessary.

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(7) Disseminate signed CLSSAs to all appropriate DOD agencies for implementation.

R) b. The Commander, Naval Supply Systems Command (COMNAVSUPSYSCOM (07F) will:

(1) Provide equity investment level computations with appropriate financial documents, and backup information to OPNAV in a timely manner.

(2) Provide assistance as required to the CNO (Op-631) in the negotiation and renegotiation of CLSSAs.

(3) Supervise the implementation and closure of all CLSSA type FMS cases.

(4) Insure that U.S. stock levels for weapon systems to be supported by CLSSA are increased sufficiently to provide for the needs of foreign customers participating in the program without degrading support for the USN.

R) (5) Notify CNO (Op-631) when CLSSA demand deviates by 25% or more from the estimated demand rate.

(6) Forward to CNO (Op-631) computations required for renegotiation and termination of CLSSAs on a financial basis. These computations must include, but are not limited to:

(a) The foreign customer's share (by percentage) in the total program for the specific weapon systems.

(b) The foreign customer's pro-rata share of long supply items for shipment to that customer or for disposal action.

(c) Any refund (Buy Back) due to the customer as a result of the renegotiation or termination.

(7) Provide to CNO (Op-631) appropriate financial documents to support renegotiations and terminations. (NAVCOMPTINST 7000.40, enclosures (5) and (6): Obligational Authority, DD Form 2060 and Planning Directive, DD Form 2061).

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(8) Estimate completion dates for renegotiation and termination transactions.

(9) Insure that FMSO II requisitions are filled from wholesale stock above the reorder point or from procurement when the foreign customer's recurring demands exceed the authorized dollar value of the FMSO II case during the contract year when an amendment to increase the value of the case has been implemented.

(10) Prepare and issue instructions to all components of the U.S. Navy supply system concerned with the USN Worldwide CLSSA program.



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By direction

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